GREAT ATLANTIC & PACIFIC TEA CO INC
Form 10-Q/A
October 20, 2009

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q/A

Mark One

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 12, 2009

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number 1-4141

THE GREAT ATLANTIC & PACIFIC TEA COMPANY, INC.
(Exact name of registrant as specified in charter)

Maryland	13-1890974
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

2 Paragon Drive
Montvale, New Jersey 07645
(Address of principal executive offices)

(201) 573-9700
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES [X] NO [ ]

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (ss.232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes [ ] No [ ]

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ____ Accelerated filer X

Non-accelerated filer ____ Smaller reporting company____

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES [ ] NO [X]

As of October 16, 2009, the Registrant had a total of 58,344,210 shares of common stock - $1 par value outstanding.

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Explanatory Note

This amended Form 10-Q/A is being filed to replace the exhibits containing certifications to the

The Great Atlantic & Pacific Tea Company, Inc.
PART I - FINANCIAL INFORMATION

ITEM 1 - Financial Statements

The Great Atlantic & Pacific Tea Company, Inc.
Consolidated Statements of Operations
(Dollars in thousands, except share and per share amounts)
(Unaudited)

	12 Weeks Ended	
	Sept. 12, 2009	Sept. 6, 2008
Sales	$ 2,065,061	$ 2,182,636
Cost of merchandise sold	(1,441,703)	(1,531,093)
Gross margin	623,358	651,543
Store operating, general and administrative expense	(631,924)	(663,066)
Loss from operations	(8,566)	(11,523)
Nonoperating (loss) income	(7,079)	42,895
Interest expense	(48,559)	(34,680)
Interest and dividend income	51	57
(Loss) income from continuing operations before income taxes	(64,153)	(3,251)
Benefit from (provision for) income taxes	1,994	(1,038)
Loss from continuing operations	(62,159)	(4,289)
Discontinued operations:		
Loss from operations of discontinued businesses, net of tax provision of $0		

for the 12 and 28 weeks ended 9/12/09 and 9/6/08, respectively	(18,150)	(13,995)	
Gain on disposal of discontinued businesses, net of tax provision of $0 for the 12 and 28 weeks ended 9/12/09 and 9/6/08, respectively	--	183	
Loss from discontinued operations	(18,150)	(13,812)	
Net loss	$ (80,309)	$ (18,101)	$
Net loss per share - basic:			
Continuing operations	$ (1.18)	$ (0.09)	$
Discontinued operations	(0.34)	(0.28)	
Net loss per share - basic	$ (1.52)	$ (0.37)	$
Net loss per share - diluted:			
Continuing operations	$ (3.06)	$ (1.70)	$
Discontinued operations	(0.68)	(0.27)	
Net loss per share - diluted	$ (3.74)	$ (1.97)	$
Weighted average number of common shares outstanding			
Basic	53,196,728	49,520,525	
Diluted	26,614,466	52,270,094	

See Notes to Consolidated Financial Statements

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The Great Atlantic & Pacific Tea Company, Inc.
Consolidated Statements of Stockholders' Equity and Comprehensive (Loss) Income
(Dollars in thousands)
(Unaudited)

	Common Stock		Additional Paid-in Capital	(Accumulated Deficit)/ Retained Earnings	A
	Shares	Amount			
28 Weeks Ended September 12, 2009					
Balance as of 2/28/2009, as previously reported	57,674,799	$ 57,675	$ 438,300	$ (123,458)	
Impact of the adoption of FSP APB 14-1			26,379	(3,856)	
Balance as of 2/28/2009, as adjusted	57,674,799	57,675	464,679	(127,314)	

Net loss				(145,469)
Other comprehensive income				
Beneficial conversion feature related to preferred stock			10,601	
Dividends on preferred stock			(533)	
Preferred stock financing fees amortization			(70)	
Stock options exercised	477		1	
Other share based awards	668,934	669	3,374	
Balance at end of period	58,344,210	$ 58,344	$ 478,052	$ (272,783)
28 Weeks Ended September 6, 2008				
Balance as of 2/23/2008, as previously reported	57,100,955	$ 57,101	$ 373,594	$ 16,423
Impact of the adoption of FSP APB 14-1			26,379	(402)
Balance as of 2/23/2008, as adjusted	57,100,955	57,101	399,973	16,021
Net loss				(16,837)
Other comprehensive loss				
Conversion features related to convertible debt			57,422	
Stock options exercised	106,309	106	2,095	
Other share based awards	455,936	456	6,549	
Balance at end of period	57,663,200	$ 57,663	$ 466,039	$ (816)

See Notes to Consolidated Financial Statements

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The Great Atlantic & Pacific Tea Company, Inc.
Consolidated Statements of Stockholders' Equity and
Comprehensive (Loss) Income - (Continued)
(Dollars in thousands)
(Unaudited)

Comprehensive (Loss) Income

	12 Weeks Ended	
	Sept. 12, 2009	Sept. 6, 2008
Net loss	$ (80,309)	$ (18,101)
Net unrealized gain on marketable securities, net of tax	119	--
Pension and other post-retirement benefits, net of tax	53	(250)
Other comprehensive income (loss), net of tax	172	(250)
Total comprehensive loss	$ (80,137)	$ (18,351)

Accumulated Other Comprehensive Loss Balances

	Net Unrealized Gain on Marketable Securities	Pension & Other Post-retiremen Benefits
Balance at February 28, 2009	$ --	$ (105,147)
Current period change	638	912
Balance at September 12, 2009	$ 638	$ (104,235)
Balance at February 23, 2008	$ --	$ (28,975)
Current period change	--	(590)
Balance at September 6, 2008	$ --	$ (29,565)

See Notes to Consolidated Financial Statements

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The Great Atlantic & Pacific Tea Company, Inc.
Consolidated Balance Sheets
(Dollars in thousands except share amounts)
(Unaudited)

	September 12,
ASSETS	
Current assets:	
Cash and cash equivalents	$ 347,79
Restricted cash	1,99
Restricted marketable securities	2,88
Accounts receivable, net of allowance for doubtful accounts of $8,622 and $8,463 at September 12, 2009 and February 28, 2009, respectively	175,22
Inventories	489,07
Prepaid expenses and other current assets	80,96
Total current assets	1,097,93
Non-current assets:	
Property:	
Property owned, net	1,518,83
Property leased under capital leases, net	126,33
Property, net	1,645,16
Goodwill	460,74

Intangible assets, net	219,06
Other assets	234,72
Total assets	$ 3,657,62
LIABILITIES & STOCKHOLDERS' EQUITY	
Current liabilities:	
Current portion of long-term debt	$ 2,55
Current portion of obligations under capital leases	14,50
Accounts payable	280,09
Book overdrafts	48,92
Accrued salaries, wages and benefits	144,20
Accrued taxes	42,02
Other accruals	241,54
Total current liabilities	773,83
Non-current liabilities:	
Long-term debt	983,19
Long-term obligations under capital leases	142,78
Long-term real estate liabilities	329,71
Deferred real estate income	89,66
Other financial liabilities	13,72
Preferred Stock liability	117,25
Other non-current liabilities	1,004,44
Total liabilities	3,454,61
Series A redeemable preferred stock--no par value, $1,000 redemption value; authorized - 700,000 shares and none; issued - 57,750 and none at Sept. 12, 2009 and Feb. 28, 2009, respectively	42,99
Commitments and contingencies (Note 20)	
Stockholders' equity:	
Common stock--$1 par value; authorized - 160,000,000 shares; issued and outstanding - 58,344,210 and 57,674,799 shares at Sept. 12, 2009 and Feb. 28, 2009, respectively	58,34
Additional paid-in capital	478,05
Accumulated other comprehensive loss	(103,59
Accumulated deficit	(272,78
Total stockholders' equity	160,01
Total liabilities and stockholders' equity	$ 3,657,62

See Notes to Consolidated Financial Statements

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The Great Atlantic & Pacific Tea Company, Inc.
Consolidated Statements of Cash Flows
(Dollars in thousands)
(Unaudited)

	Sept. 12, 2
CASH FLOWS FROM OPERATING ACTIVITIES:	
Net loss	$ (145,469
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:	
Depreciation and amortization	135,572
Nonoperating loss (income)	8,954
Non-cash interest expense	27,393
Stock compensation expense	4,043
Asset disposition initiatives	8,998
Occupancy charges for stores closed in the normal course of business	18,374
Gain on disposal of owned property and write-down of property, net	(3,580
Gain on disposal of discontinued operations	--
Other property impairments	3,739
Pension withdrawal costs	2,445
LIFO reserve	2,166
Other changes in assets and liabilities:	
Decrease (increase) in receivables	21,454
Increase in inventories	(17,236
Increase in prepaid expenses and other current assets	(19,430
Increase in other assets	(15,552
Increase in accounts payable	60,147
Decrease in accrued salaries, wages and benefits, and taxes	(14,282
Decrease in other accruals	(8,712
Decrease in other non-current liabilities	(46,303
Other operating activities, net	(2,184
Net cash provided by (used in) operating activities	20,537
CASH FLOWS FROM INVESTING ACTIVITIES:	
Expenditures for property	(50,005
Proceeds from disposal of property	3,311
Proceeds from sale of joint venture	5,914
Decrease in restricted cash	222
Proceeds from maturities of marketable securities	2,224
Net cash used in investing activities	(38,334
CASH FLOWS FROM FINANCING ACTIVITIES:	
Proceeds from issuance of long-term debt	253,201
Principal payments on long-term debt	(163
Proceeds under revolving lines of credit	39,450
Principal payments on revolving lines of credit	(238,333
Proceeds under line of credit	378
Principal payments on line of credit	(2,224
Proceeds from issuance of preferred stock	175,000
Proceeds from promissory note	--
Settlement of Series A warrants	--
Proceeds from long-term real estate liabilities	170
Proceeds from sale-leaseback transaction	3,000
Principal payments on capital leases	(5,703
(Decrease) increase in book overdrafts	(11,913
Deferred financing fees	(22,648
Proceeds from stock options exercised	1
Net cash provided by financing activities	190,216
Effect of exchange rate changes on cash and cash equivalents	--

Net increase in cash and cash equivalents	172,419
Cash and cash equivalents at beginning of period	175,375
Cash and cash equivalents at end of period	$ 347,794
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:	
Cash paid during the year for interest	$ 67,971
Cash paid during the year for income taxes	$ 6,480

See Notes to Consolidated Financial Statements

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The Great Atlantic & Pacific Tea Company, Inc.
Notes to Consolidated Financial Statements
(Dollars in thousands, except share and per share amounts)
(Unaudited)

1. Summary of Significant Accounting Policies

Basis of Presentation and Consolidation

The accompanying Consolidated Statements of Operations, Consolidated Statements of Stockholders' Equity and Comprehensive (Loss) Income, and Consolidated Statements of Cash Flows for the 12 and 28 weeks ended September 12, 2009 and September 6, 2008, and the Consolidated Balance Sheets at September 12, 2009 and February 28, 2009 of The Great Atlantic & Pacific Tea Company, Inc. ("we," "our," "us" or "our Company") are unaudited and, in the opinion of management, contain all adjustments that are of a normal and recurring nature necessary for a fair statement of financial position and results of operations for such periods. The consolidated financial statements should be read in conjunction with the consolidated financial statements and related notes contained in our Fiscal 2008 Annual Report on Form 10-K. Interim results are not necessarily indicative of results for a full year.

The consolidated financial statements include the accounts of our Company and all subsidiaries. All intercompany accounts and transactions have been eliminated.

Certain reclassifications have been made to prior year amounts to conform to current year presentation. Refer to Note 2 - Impact of New Accounting Pronouncements below for prior period reclassifications made upon our retrospective adoption of Financial Accounting Standards Board ("FASB") Staff Position ("FSP") Accounting Principles Board ("APB") Opinion No. 14-1 ("FSP APB 14-1").

Redeemable Preferred Stock

The initial carrying amount of our preferred stock issued in August 2009 was valued at fair value on the date of issuance, net of closing and issuance costs. Based on the terms of the preferred stock agreement, our preferred stock cannot be converted into more than 19.99% of the common stock outstanding prior to its issuance without shareholder approval. The currently convertible shares are recorded within temporary stockholders' equity, and the shares requiring shareholder approval to become convertible are classified as a liability. Refer to Note 11 - Redeemable Preferred Stock for additional information relating to our preferred stock issuance.

Our preferred stock recorded within temporary stockholders' equity contains an embedded beneficial conversion feature, since the fair value of our Company's common stock on the date of issuance was in excess of the effective conversion price. The embedded beneficial conversion feature was recorded by allocating a portion of the proceeds equal to the intrinsic value of the feature to Additional paid-in-capital. The intrinsic value of the feature is calculated on the issuance date by multiplying the difference between the quoted market price of our common stock and the effective conversion price by the number of common shares into which the shares recorded within temporary stockholders' equity convert. The resulting discount will be amortized over the period from the date of issuance to the stated redemption date into "Additional paid-in capital", in absence of retained earnings. We will need to evaluate whether there is a potential beneficial conversion feature in the portion of the issuance currently classified within "Preferred stock liability", upon receiving shareholder approval for conversion of those shares.

Our "Preferred stock liability" was initially recorded at its fair value, with the related issuance cost amortization recorded within "Interest expense" over its life. Dividends relating to preferred stock classified

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as a liability are also recorded within "Interest expense". The portion of the issuance classified within temporary stockholders' equity is recorded at liquidation value, net of transaction costs and the embedded beneficial conversion feature. The discount for shares classified within temporary stockholders' equity is accreted through "Additional paid-in capital", in absence of retained earnings, over the period from the date of issuance to the earliest redemption date. Dividends relating to preferred stock recorded within temporary stockholders' equity are recorded within "Additional paid-in capital", in absence of retained earnings.

2. Impact of New Accounting Pronouncements

Newly Adopted Accounting Pronouncements

Convertible Debt

In May 2008, the FASB issued FSP APB 14-1, "Accounting for Convertible Debt Instruments that May be Settled in Cash Upon Conversion" - (Accounting Standards Codification ("ASC") 470-20). FSP APB 14-1 requires that the liability and equity components of convertible debt instruments that may be settled in cash upon conversion (including partial cash settlement) be separately accounted for in a manner that reflects an issuer's nonconvertible debt borrowing rate. FSP APB 14-1 also requires accretion of the resulting debt discount over the expected life of the convertible debt. We adopted FSP APB 14-1 during our first fiscal quarter ended June 20, 2009, as required. Since this standard is required to be applied retrospectively, financial statements for prior periods have been adjusted to reflect its application.

Our $255.0 million 6.750% Convertible Senior Notes that were issued in December 2007 are subject to FSP APB 14-1, as our estimated nonconvertible debt borrowing rate is higher than the current contractual rate on these notes. As a result of adopting FSP APB 14-1, we retrospectively recognized cumulative additional non-cash interest expense of $3.9 million from the date of issuance of these Convertible Senior Notes through February 28, 2009. The adoption of FSP APB 14-1 will also increase our non-cash interest expense in fiscal 2009 by approximately $4.4 million, and will increase non-cash interest expense in subsequent periods during which our convertible notes remain outstanding by approximately $18.8 million in total. Upon adopting FSP APB 14-1, we also reclassified $26.4 million of debt and deferred financing costs to "Additional paid-in capital", net of deferred taxes.

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The Great Atlantic & Pacific Tea Company, Inc.
Notes to Consolidated Financial Statements -- Continued
(Dollars in thousands, except share and per share amounts)
(Unaudited)

As a result of our adoption of FSP APB 14-1, our Consolidated Statements of Operations for the 12 and 28 weeks ended September 6, 2008 have been adjusted as follows:

	12 Weeks Ended Sept. 6, 2008	
	As adjusted in this Quarterly Report On Form 10-Q/A	As reported in Quarterly Report on Form 10-Q
Interest expense	$ (34,680)	$ (33,945)
(Loss) income from continuing operations	(4,289)	(3,554)
Net loss	(18,101)	(17,366)
Per share data		
Net loss per share - basic:		
Continuing operations	$ (0.09)	$ (0.07)
Discontinued operations	(0.28)	(0.28)
Net loss per share - basic	$ (0.37)	$ (0.35)
Net loss per share - diluted:		
Continuing operations	$ (1.70)	$ (1.50)
Discontinued operations	(0.27)	(0.25)
Net loss per share - diluted	$ (1.97)	$ (1.75)

As a result of our adoption of FSP APB 14-1, our Consolidated Balance Sheet as of February 28, 2009 and February 23, 2008 has been adjusted as follows:

As of February 28, 2009	
As adjusted in this Quarterly Report On Form 10-Q/A	As reported in the 2008 Annual Report on Form 10-K

Assets:		
Prepaid and other current assets	$ 67,465	$ 66,190
Current assets	918,522	917,247
Other assets	193,954	195,856
Total assets	3,545,084	3,545,711
Liabilities:		
Long-term debt	919,364	942,514
Total liabilities	3,255,191	3,278,341
Stockholders' equity:		
Additional paid-in capital	464,679	438,300
(Accumulated deficit)/Retained earnings	(127,314)	(123,458)
Total stockholders' equity	289,893	267,370
Total liabilities and stockholders' equity	$ 3,545,084	$ 3,545,711

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The Great Atlantic & Pacific Tea Company, Inc.
Notes to Consolidated Financial Statements -- Continued
(Dollars in thousands, except share and per share amounts)
(Unaudited)

As a result of our adoption of FSP APB 14-1, our Consolidated Statement of Cash Flows for the 28 weeks ended September 6, 2008 has been adjusted as follows:

	As adjusted in Quarterly Report on Form 10-Q/A	As rep in Quart on F
Cash flows from operating activities:		
Net loss	$(16,837)	$(15
Non-cash interest expense	13,955	12
Net cash used in operating activities	(30,824)	(30

Subsequent Events
In May 2009, the FASB issued Statement of Financial Accounting Standards ("SFAS") No. 165, "Subsequent Events" ("SFAS No. 165") - (ASC 855-10). SFAS No. 165 establishes general standards of accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. The standard also includes a new required disclosure of the date through which an entity has evaluated subsequent events. SFAS No. 165 is effective for interim and annual periods ending after June 15, 2009. We adopted SFAS No. 165 during our first fiscal quarter ended June 20, 2009. Refer to Note 21 - Subsequent Events for related disclosure.

Other than Temporary Impairments
On April 9, 2009, the FASB issued FSP Financial Accounting Standard ("FAS") 115-2 and FAS 124-2, "Recognition and Presentation of Other-Than-Temporary Impairments" ("FSP FAS 115-2 and FAS 124-2") - (ASC 320-10-65-1), which applies to debt securities classified as available-for-sale and held-to-maturity. This FSP provides guidance on when the impairment should be considered to be other-than-temporary, the determination of the amount of the other-than-temporary impairment to be recognized in earnings and other comprehensive income, the accounting for debt securities after an

other-than-temporary impairment, and the related disclosure requirements. We adopted FSP FAS 115-2 and FAS 124-2 during our first fiscal quarter ended June 20, 2009, as required. The adoption of the FSP did not have a material effect on our Company's consolidated financial statements.

Fair Value of Financial Instruments
In April 2009, the FASB issued FSP No. FAS 107-1 and APB Opinion No. 28-1 ("FSP FAS 107-1 and APB 28-1") - (ASC 825-10-65-1). FSP FAS 107-1 and APB 28-1 amends SFAS No. 107, "Disclosures about Fair Value of Financial Instruments," and APB Opinion No. 28, "Interim Financial Reporting," to require interim and annual disclosures of the fair value of financial instruments, together with the related carrying amount and how each amount relates to what is reported in the statement of financial position. FSP FAS 107-1 and APB 28-1 also requires disclosure of the methods and significant assumptions used to estimate the fair value of financial instruments. We adopted FSP FAS 107-1 and APB 28-1 during our first fiscal quarter ended June 20, 2009. Refer to Note 5 - Fair Value Measurements for related disclosures.

In April 2009, the FASB issued FSP No. 157-4, "Determining Fair Value when the Volume Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly" ("FSP No. 157-4") - (ASC 820-10-65-4). This FSP provides guidance for determining the fair value of assets and liabilities that have experienced a significant decrease in the volume and level of activity in relation to their normal market activity and the related transactions or quoted prices may not be indicative of fair value, or not orderly. This FSP does not apply to assets or liabilities for which quoted prices may be

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obtained in an active market, or Level 1 inputs. FSP No. 157-4 also expands the disclosure requirements of SFAS No. 157 to include a discussion of the inputs and valuation techniques used to measure fair value and to provide disclosure for all equity and debt securities that are measured at fair value by each major security type. We adopted FSP No. 157-4 during our first fiscal quarter ended June 20, 2009, as required. Refer to Note 5 - Fair Value Measurements for related disclosures.

In February 2008, the FASB issued FSP No. 157-2, "Effective Date of FASB Statement No. 157" ("FSP No. 157-2") - (ASC 820-10-65-1). FSP No. 157-2 delayed the effective date of SFAS No. 157 (ASC 820) for all nonrecurring fair value measurements of nonfinancial assets and nonfinancial liabilities until our first fiscal quarter ended June 20, 2009. Our Company adopted SFAS No. 157 and FSP No. 157-1 as of February 24, 2008, with the exception of the application of the statement to nonrecurring nonfinancial assets and nonfinancial liabilities. Refer to Note 5 - Fair Value Measurements for related disclosure. We adopted the remaining provision of SFAS No. 157 during our first fiscal quarter ended June 20, 2009, as required. The nonfinancial assets and liabilities recorded in our Consolidated Balance Sheets include items such as goodwill, long lived assets and store lease exit costs, which are measured at fair value to test for and measure impairment, when necessary. Refer to Note 6 - Valuation of Long-Lived Assets for a summary of impairment charges recorded during the 12 and 28 weeks ended September 12, 2009.

Intangible Assets
In April 2008, the FASB issued FSP FAS 142-3, "Determining the Useful Life of Intangible Assets" ("FSP FAS 142-3") - (ASC 350-30-65-1). FSP FAS 142-3 amends

the factors to be considered in determining the useful life of intangible assets. Its intent is to improve the consistency between the useful life of an intangible asset and the period of expected cash flows used to measure its fair value. We adopted FSP FAS 142-3 during our first quarter ended June 20, 2009, as required. The adoption of this FSP did not have a material impact on our financial statements and disclosures.

Business Combinations

In December 2007, the FASB issued SFAS No. 141R, "Business Combinations" ("SFAS No. 141R") - (ASC 805). SFAS No. 141R establishes principles and requirements for how an acquirer recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, the goodwill acquired, and any noncontrolling interest in the acquiree. This statement also establishes disclosure requirements to enable the evaluation of the nature and financial effect of the business combination. SFAS No. 141R is effective for our fiscal year ended February 27, 2010. In addition, in April 2009, the FASB issued FSP No. FAS 141(R) - 1, "Accounting for Assets Acquired and Liabilities Assumed in a Business Combination That Arise from Contingencies" ("FSP FAS 141(R) - 1"), which clarifies SFAS No. 141R on issues relating to initial recognition and measurement, subsequent measurement and accounting, and disclosure of assets and liabilities arising from contingencies in a business combination. This FSP is effective for assets or liabilities arising from contingencies in business combinations with the acquisition date during or after our fiscal 2009. Our acquisition of Pathmark was not impacted by the provisions of SFAS No. 141R and FSP FAS 141(R) - 1.

Recently Issued Accounting Pronouncements

In June 2009, the FASB issued SFAS No. 168, "The FASB Accounting Standards Codification(TM) ("Codification") and the Hierarchy of Generally Accepted Accounting Principles - a replacement of FASB

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Statement No. 162" ("SFAS No. 168") - (ASC 105). In June 2009, the FASB also issued Accounting Standards Update ("ASU") No. 2009-01, "Topic 105 - Generally Accepted Accounting Principles Amendments Based on Statement of Financial Accounting Standards No. 168 - The FASB Accounting Standards Codification and Hierarchy of Generally Accepted Accounting Principles" ("ASU 2009-01"). SFAS No. 168 and ASU 2009-01 establish the Codification as the single official source of authoritative United States accounting and reporting standards for all non-governmental entities (other than guidance issued by the SEC). The Codification changes the referencing and organization on financial standards and is effective for interim and annual periods ending after September 15, 2009. For clarity, we have chosen to include the available Codification references in this quarterly report in addition to pre-Codification accounting standard references. We will apply the Codification references exclusively to our disclosures beginning with the third quarter of fiscal 2009. As the Codification is not intended to change the existing accounting guidance, its adoption will not have an impact on our financial statements.

In June 2009, the FASB issued FAS 167, "Amendments to FASB Interpretation No. 46(R)" ("SFAS No. 167"), which amends the consolidation guidance applicable to variable interest entities. This statement is effective beginning in our fiscal 2010. We currently do not expect that the adoption of this statement will have a material effect on our financial statements and disclosures.

In June 2009, the FASB issued FAS No. 166, "Accounting for Transfers of Financial Assets - an amendment of FASB Statement No. 140" ("SFAS No. 166"). SFAS No. 166 eliminates the concept of a "qualifying special-purpose entity," changes the requirements for derecognizing financial assets, and requires additional disclosures. This statement will be effective for any financial asset transfers beginning with our fiscal 2010. We are currently assessing the impact of SFAS No. 166 on our financial statements.

In June 2009, the FASB Emerging Issues Task Force ("EITF") issued EITF Issue No. 09-1, "Accounting for Own-Share Lending Arrangements in Contemplation of Convertible Debt Issuance" ("EITF Issue No. 09-1"). The EITF reached a consensus that a share-lending arrangement entered into on an entity's own shares in contemplation of a convertible debt offering or other financing is required to be measured at fair value and recognized as a debt issuance cost in our Company's financial statements. The debt issuance costs should be amortized using the effective interest method over the life of the financing arrangement as interest cost. In addition, the loaned shares should be excluded from the computations of basic and diluted earnings per share, unless default of the share-lending arrangement occurs, at which time the loaned shares would be included in the basic and diluted earnings per share calculation. The EITF also expanded the disclosure requirements for share-lending arrangements. This issue will be effective during our first quarter of fiscal 2010. Early adoption is not permitted. Retrospective application is required for all arrangements outstanding in the beginning of the fiscal year in which this Issue is initially applied. We are currently assessing the impact of EITF Issue No. 09-1 on our financial statements.

In December 2008, the FASB issued FSP FAS 132(R)-1, "Employer's Disclosures about Postretirement Benefit Plan Assets" ("FSP FAS 132(R)-1") - (ASC 715-20-65-2). FSP FAS 132(R)-1 amends SFAS No. 132 (Revised 2003), "Employers' Disclosures about Pensions and Other Postretirement Benefits", to provide guidance on an employer's disclosures about plan assets of a defined benefit pension or other postretirement plan. The expanded disclosure requirements include: (i) investment policies and strategies, (ii) the major categories of plan assets, (iii) the inputs and valuation techniques used to measure plan assets, (iv) the effect of fair value measurements using significant unobservable inputs (Level 3) on changes in plan

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assets for the period, and (v) significant concentrations of risk within plan assets. These disclosure requirements are effective for our fiscal year ended February 27, 2010.

In August 2009, the FASB issued ASU No. 2009-04, "Accounting for Redeemable Equity Instruments" ("ASU 2009-04"). ASU 2009-04 represents an update to ASC section 480-10-S99 "Distinguishing Liabilities from Equity" per EITF Topic D-98 "Classification and Measurement of Redeemable Securities." This update provides guidance on what type of instruments should be classified as temporary as opposed to permanent equity, as well as guidance with regard to measurement. Refer to Note 11 - Redeemable Preferred Stock for a summary of our Preferred Stock transaction.

In August 2009, the FASB issued ASU No. 2009-05 "Fair Value Measurements and Disclosures (Topic 820) - Measuring Liabilities at Fair Value" ("ASU 2009-05").

ASU 2009-05 amends Subtopic 820-10 "Fair Value Measurements and Disclosures - Overall" and provides clarification on the methods to be used in circumstances in which a quoted price in an active market for the identical liability is not available. The provisions of ASU 2009-05 are effective for the third quarter of our fiscal 2009. We believe that our adoption of ASU 2009-05 will not have a material impact on our financial statements.

3. Cash, Cash Equivalents, Restricted Cash and Restricted Marketable Securities

At September 12, 2009 and February 28, 2009, we had $251.1 million and $2.1 million, respectively, in cash equivalents, which are principally comprised of various AAA-rated short term money market funds, primarily consisting of investments in U.S. Treasuries, U.S. government and agency securities and notes, commercial paper, corporate bonds and other highly rated money market instruments.

At September 12, 2009 and February 28, 2009, we had $2.0 million and $2.2 million, respectively, in restricted cash held in escrow for services our Company is required to perform in connection with the sale of our real estate properties.

At September 12, 2009 and February 28, 2009, our restricted marketable securities of $2.9 million and $4.9 million, respectively, were held by Bank of America in the Columbia Fund. These securities are classified as available-for-sale. On December 6, 2007, Bank of America froze the Columbia Fund as a result of the increased risk in subprime asset backed securities. During the 12 weeks ended September 12, 2009 and September 6, 2008, we received distributions from the Columbia Fund in the amount of $0.8 million and $6.1 million, respectively, at an amount less than 100% of the net asset value of the fund, resulting in realized losses of $0.1 million and $0.2 million, respectively. During the 28 weeks ended September 12, 2009 and September 6, 2008, we received distributions from the Columbia Fund in the amount of $2.2 million and $7.1 million, respectively, at an amount less than 100% of the net asset value of the fund, resulting in realized losses of $0.4 million and $0.2 million, respectively.

During the 12 and 28 weeks ended September 12, 2009, we recorded unrealized gains of $0.1 million and $0.6 million, respectively, based on the increase in the ending net asset value of the Columbia Fund at September 12, 2009. The increase in net asset value is primarily a result of the improved pricing of certain underlying securities included in the fund. As of February 28, 2009, there were no investments with unrealized gains or losses.

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During the 12 weeks ended September 6, 2008, we recorded a realized gain of $0.2 million as our realized losses on our redemptions were less than the unrealized losses previously recorded on these shares. During the 28 weeks ended September 6, 2008, we recorded a realized loss of $0.1 million based on the ending net asset value of the Columbia Fund as the decline in net asset value was considered other than temporary at September 6, 2008 and was not expected to be recovered from future distributions from the fund.

The carrying amount of our cash, cash equivalents, restricted cash and restricted marketable securities approximates fair value.

	At September 12, 2009			
	Amortized Costs	Gross Unrealized Gains	Gross Unrealized Losses	F V
Classified as:				
Cash	$ 96,647	$ --	$ --	$
Cash equivalents - money market funds	251,147	--	--	
Total cash and cash equivalents	347,794	--	--	
Restricted cash	1,992	--	--	
Restricted marketable securities	2,249	638	--	
Restricted marketable securities included in other assets	--	--	--	
Total cash, cash equivalents, restricted cash and restricted marketable securities	$ 352,035	$ 638	$ --	$
Securities available-for-sale:				
Maturing within one year	$ 2,249			$
Maturing greater than one year	$ --			$

4. Goodwill and Other Intangible Assets

The carrying values of our finite-lived intangible assets are reviewed for possible impairment whenever events or changes in circumstances indicate the carrying amount of assets may not be recoverable. Our intangible assets that have finite useful lives are amortized over their estimated useful lives. Goodwill and other intangibles with indefinite useful lives that are not subject to amortization are tested for impairment in the fourth quarter of each fiscal year, or more frequently whenever events or changes in circumstances indicate that impairment may have occurred. Our annual impairment assessment of goodwill and indefinite lived intangible assets for all reporting units was completed in the fourth quarter of fiscal 2008 and we concluded there was no impairment as of February 28, 2009.

As disclosed in Form 10-Q for our first quarter ended June 20, 2009, we continue to monitor actual results and projections for the necessity of a possible impairment charge. Due to the severity and duration of operating losses within the Price Impact reporting unit, we have reduced our shorter term internal revenue and profitability forecasts and revised our operating plans and cash flow projections. Even though our business outlook has worsened due to the current economic recession, we determined that a hypothetical decrease in fair value of over 25% would be required before the Price Impact reporting unit would have a

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carrying value in excess of the fair value. Despite unfavorable operating results within the Price Impact reporting unit, we do not believe the long-term value of the reporting unit has been reduced to below its carrying value and therefore, there has not been a triggering event requiring us to perform an interim goodwill impairment analysis at this time.

The determination of estimated fair value is highly sensitive to our Company's assumptions. Changes in the judgments and estimates underlying our analysis of goodwill for possible impairment, including expected future operating cash flows and discount rate, could decrease the fair value of this and other reporting units in the future and could result in an impairment of goodwill. We will continue to monitor events and circumstances in future periods to determine whether interim impairment testing is warranted for any of our reporting units. In addition, we will perform our annual goodwill impairment testing during the fourth quarter of fiscal 2009, based on third quarter financial information. We can provide no assurances that we will not be required to recognize an impairment of goodwill in the future due to market conditions or other factors related to our performance. These events could include a decline in the forecasted results in our business plan, such as changes in forecasted on-going profitability or capital investment budgets or changes in our interest rates. Recognition of impairment of a significant portion of our goodwill would negatively affect our Company's reported results of operations and total capitalization.

Changes in the carrying amount of goodwill by reportable segment during the 28 weeks ended September 12, 2009 are as follows:

	Fresh	Price Impact	Gourmet	Other
Goodwill at February 28, 2009	$ 126,609	$ 338,048	$ 12,720	$ 6,183
Adjustment to goodwill*	(5,792)	(16,208)	(610)	(209)
Goodwill at September 12, 2009	$ 120,817	$ 321,840	$ 12,110	$ 5,974

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*During the second quarter of fiscal 2009, the amount of Goodwill related to the Pathmark acquisition was reduced by $22.8 million as a result of an adjustment to the deferred tax valuation allowance that should have been released in connection with the original purchase price allocation.

Other intangible assets acquired as part of our acquisition of Pathmark in December 2007 consisted of the following:

	Weighted Average Amortization Period (years)	Gross Carrying Amount	Accumulated Amortization at Sept. 12, 2009	Ac Amor Feb

Loyalty card customer relationships	5	$ 19,200	$ 5,648	$
In-store advertiser relationships	20	14,720	1,302	
Pharmacy payor relationships	13	75,000	10,207	
Pathmark trademark	Indefinite	127,300	--	
Total		$ 236,220	$ 17,157	$

Amortization expense relating to our intangible assets for the 12 and 28 weeks ended September 12, 2009 2009 was $2.5 million and $5.8 million, respectively. Amortization expense for the 12 and 28 weeks ended September 6, 2008 was $2.2 million and $5.0 million, respectively.

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The following table summarizes the estimated future amortization expense for our finite-lived intangible assets:

2009	$ 4,950
2010	10,725
2011	10,725
2012	9,670
2013	6,505
Thereafter	49,188

5. Fair Value Measurements

SFAS No. 157 defines and establishes a framework for measuring fair value and expands related disclosures. This Statement applies to all assets and liabilities that are being measured and reported on a fair value basis. Our Company adopted SFAS No. 157 for our financial assets and financial liabilities during our fiscal 2008 and for our nonfinancial assets and liabilities during the first quarter of our fiscal 2009.

SFAS 157 establishes a three-tier fair value hierarchy, which classifies the inputs used in measuring fair value. These tiers include:

Level 1 - Quoted prices in active markets for identical assets or liabilities. Our Company's Level 1 assets include cash equivalents that are traded in an active exchange market.

Level 2 - Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Our Company's Level 2 liabilities include warrants, which are valued using the Black Scholes pricing model with inputs that are observable in the market or can be derived principally from or corroborated by observable market data.

Level 3 - Unobservable inputs that are supported by little or no market activity and that are financial instruments whose value is determined using pricing models, discounted cash flows, or similar methodologies, as well as instruments for which the determination of fair value requires significant judgment or estimation. Our Company's Level 3 assets include our restricted marketable securities for which there is limited market activity. In addition, our goodwill and other indefinite-lived intangible assets, our long-lived assets and closed store occupancy costs are measured at fair value on a nonrecurring basis using Level 3 inputs. Refer to Note 6 - Valuation of Long-Lived Assets for information relating to valuing our long-lived assets.

A financial asset or liability's classification within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement.

The following table provides the assets and liabilities carried at fair value measured on a recurring basis as of September 12, 2009 and February 28, 2009:
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		Fair Value Measurements at	
	Total Carrying Value at Sept. 12, 2009	Quoted Prices in Active Markets (Level 1)	Significan Observa Input (Level
Assets:			
Cash equivalents	$ 251,147	$ 251,147	$
Restricted marketable securities	2,887	--	
Total	$ 254,034	$ 251,147	$
Liabilities:			
Series B Warrant	$ 13,720	$ --	$ 13

		Fair Value Measurements at	
	Total Carrying Value at Feb. 28, 2009	Quoted Prices in Active Markets (Level 1)	Significan Observa Input (Level
Assets:			
Cash equivalents	$ 2,076	$ 2,076	$
Restricted marketable securities	4,857	--	

Total	$ 6,933	$ 2,076	$

Liabilities:

Series B Warrant	$ 4,766	$ --	$ 4

Level 3 Valuation Techniques:

Financial assets are considered Level 3 when their fair values are determined using pricing models, discounted cash flows or similar techniques and at least one significant model assumption or input is unobservable. Level 3 financial assets include our restricted marketable securities for which there is limited market activity such that the determination of fair value requires significant judgment or estimation. At September 12, 2009 and February 28, 2009, these securities were valued primarily with the assistance of broker pricing models that incorporate transaction details such as contractual terms, maturity, timing and amount of future cash inflows, as well as assumptions about liquidity.

As discussed in Note 3 - Cash, Cash Equivalents, Restricted Cash and Restricted Marketable Securities, on September 12, 2009, we had $2.9 million invested in the Columbia Fund. Due to market liquidity conditions, cash redemptions from the Columbia Fund were restricted. As a result of this restriction on cash redemptions, we did not consider the Columbia Fund to be traded in an active market with observable pricing on September 12, 2009 and these amounts were categorized as Level 3.

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The table below provides a summary of the changes in fair value, including net transfers in and/or out, of all financial assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the period February 28, 2009 to September 12, 2009:

	Fair Value Measureme Significant Unobserva (Level 3)
	Restricted Marketable Securities
Beginning Balance	$ 4,8
Issuances	
Total realized and unrealized (losses) and gains included in:	
Losses (1)	(3
Other comprehensive income (2)	6
Settlements	(2,2
Ending Balance	$ 2,8

(Dollars in thousands, except share and per share amounts)

(1) Amounts are recorded in "Store operating, general and administrative expense" in the Consolidated Statements of Operations.

(2) Represents unrealized gains relating to Level 3 assets still held at September 12, 2009.

The following table provides the carrying values recorded on our balance sheet and the estimated fair values of financial instruments as of September 12, 2009 and February 28, 2009.

	As of September 12, 2009		As o
	Carrying Amount	Fair Value	Carryin Amount
Current portion on long-term debt	$ 2,552	$ 2,552	$ 5,2
Long-term debt, net of related discount (1)	983,196	949,720	919,3
Preferred stock liability	117,250	117,250	

(1) The balance our Long-term debt decreased by $23.1 million from the amount reported in our 2008 Annual Report on Form 10-K as a result of the retrospective application of FSP APB 14-1, which we adopted during the first quarter of fiscal 2009. Refer to Note 2 - Impact of New Accounting Pronouncements for additional information.

Our long-term debt includes borrowings under our line of credit, credit agreement, related party promissory note and our debt securities. The fair value of our debt securities are determined based on quoted market prices for such notes in non-active markets.

Our Preferred stock liability was recorded in connection with our preferred stock issuance in August 2009. We believe that as of September 12, 2009, its current book value, which is based on the net proceeds received, is the best indication of its fair value.

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6. Valuation of Long-Lived Assets

We review the carrying values of our long-lived assets for possible impairment whenever events or changes in circumstances indicate that the carrying amount of assets may not be recoverable. Such review is primarily based upon groups of assets and the undiscounted estimated future cash flows from such assets to determine if the carrying value of such assets is recoverable from their respective cash flows. If such review indicates an impairment exists, we measure such impairment on a discounted basis using a probability weighted approach and a U.S. Treasury risk-free rate, which is based on the life of the primary asset within the asset group.

We review assets in stores planned for closure or conversion for impairment upon determination that such assets will not be used for their intended useful life. During the 12 and 28 weeks ended September 12, 2009, we recorded impairment losses on long-lived assets of $2.6 million and $3.7 million, respectively, related to stores that were or will be closed or converted in the normal course of business, as compared to $1.0 million and $1.8 million in impairment losses on property related to stores that were closed or converted in the normal course of business during the 12 and 28 weeks ended September 6, 2008, respectively. These amounts were recorded within "Store operating, general and administrative expense" in our Consolidated Statements of Operations.

The effects of changes in estimates of useful lives were not material to ongoing depreciation expense.

7. Discontinued Operations

We have had multiple transactions throughout the years which met the criteria for discontinued operations. These events are described based on the year the transaction was initiated.

2007 Events

On May 30, 2007, our Company announced advanced negotiations for the sale of our non-core stores located within the Greater New Orleans area, including inventory related to these stores. Our Company ceased sales operations in all stores not sold as of November 1, 2007. Planned sale transactions for these stores have been completed.

On April 24, 2007, based upon unsatisfactory operating trends and the need to devote resources to our expanding Northeast core business, our Company announced negotiations for the sale of our non-core stores within our Midwest operations, including inventory related to these stores. Our Company ceased sales operations in all stores not sold as of July 7, 2007. Planned sale transactions for these stores have been completed.

2005 Event

During the first quarter of fiscal 2005, we announced plans for a major strategic restructuring that would consolidate efforts in the Midwest. Thus, we initiated efforts to close a total of 35 stores in the Midwest, all of which were closed as of February 25, 2006.

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2003 Events

During fiscal 2003, we adopted a formal plan to exit the Wisconsin markets through the sale and/or disposal of these assets. In February 2003, we announced the sale of a portion of our non-core assets, including seven stores in Madison, Wisconsin and 23 stores in Milwaukee, Wisconsin. Also in fiscal 2003, we announced an initiative to close 6 stores and convert 13 stores to our Food Basics banner in the Detroit, Michigan and Toledo, Ohio markets.

The operating results for these discontinued businesses are included in our Consolidated Statements of Operations, under the captions "Loss from operations of discontinued businesses, net of tax" and "Gain on disposal of discontinued businesses, net of tax" for the 12 and 28 weeks ended September 12, 2009 and

September 6, 2008, respectively.

Summarized below is a reconciliation of the liabilities related to restructuring obligations resulting from these activities.

	For the 28 Weeks Ended September 12,			
	Balance at 2/28/2009	Interest Accretion (1)	Adjustments(2)	Uti
2007 Events				
Occupancy	$ 70,583	$ 4,896	$ 10,881	$
Severance	59,239	1,989	37	
2007 events total	129,822	6,885	10,918	
2005 Event				
Occupancy	60,327	1,750	--	
2003 Events				
Occupancy	18,712	614	545	
Total	$ 208,861	$ 9,249	$ 11,463	$

	Fiscal 2008			
	Balance at 2/23/2008	Interest Accretion (1)	Adjustments(2)	Util
2007 Events				
Occupancy	$ 62,873	$ 9,382	$ 28,959	$
Severance	58,520	2,019	3,730	
2007 events total	121,393	11,401	32,689	
2005 Event				
Occupancy	66,882	3,324	600	
2003 Events				
Occupancy	21,579	1,230	(902)	
Total	$ 209,854	$ 15,955	$ 32,387	$

(1) The additions to occupancy and severance represent the interest accretion on future occupancy costs and future obligations for early withdrawal from multi-employer union pension plans which were recorded at present value at the

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time of the original charge. Interest accretion is recorded as a component of "Loss from operations of discontinued businesses" on our Consolidated Statements of Operations.

(2) At each balance sheet date, we assess the adequacy of the balance of the remaining liability to determine if any adjustments are required as a result of changes in circumstances and/or estimates. These adjustments are recorded as a component of "Loss from operations of discontinued businesses" on our Consolidated Statements of Operations.

For the 28 weeks ended September 12, 2009

During the 28 weeks ended September 12, 2009, we recorded adjustments for the 2007 and 2003 events for additional occupancy related costs of $10.9 million and $0.5 million, respectively, due to changes in our estimation of such future costs due to continuing deteriorating conditions in the Midwest real estate market.

Fiscal 2008

The charge to occupancy for the 2007 and 2005 events represents adjustments for additional occupancy related costs for our properties of $29.0 million and $0.6 million, respectively, due to changes in our estimation of such future costs due to continuing deteriorating conditions in the Midwest real estate market. The charge to severance for the 2007 events represents an adjustment of $3.7 million for future obligations for early withdrawal from multi-employer union pension plans. We also recorded an adjustment of $0.9 million to reduce occupancy related costs for the 2003 events due to changes in our estimation of such future costs.

(3) Occupancy utilization represents payments made during those periods for rent, common area maintenance and real estate taxes. Severance utilization represents payments made to terminated employees during the period.

Summarized below are the payments made through September 12, 2009 from the time of the original charge and expected future payments related to these events:

	2007 Events	2005 Event
Total severance payments made to date	$ 30,828	$ 2,650
Expected future severance payments	58,589	--
Total severance payments expected to be incurred	89,417	2,650
Total occupancy payments made to date	67,368	51,954
Expected future occupancy payments, excluding interest accretion	70,849	56,774

Total occupancy payments expected to be incurred, excluding interest accretion	138,217	108,728
Total severance and occupancy payments made to date	98,196	54,604
Expected future severance and occupancy payments, excluding interest accretion	129,438	56,774
Total severance and occupancy payments expected to be incurred, excluding interest accretion	$ 227,634	$ 111,378

Payments to date were primarily for occupancy related costs such as rent, common area maintenance, real estate taxes, lease termination costs, severance, and benefits. The remaining obligation relates to expected

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future payments under long term leases and expected future payments for early withdrawal from multi-employer union pension plans. The expected completion dates for the 2007, 2005 and 2003 events are 2028, 2022 and 2022, respectively.

Summarized below are the amounts included in our balance sheet captions on our Company's Consolidated Balance Sheets related to these events:

	September 12, 2		
	2007 Events	2005 Event	
Accrued salaries, wages and benefits	$ 35	$ --	$
Other accruals	$ 29,127	$ 10,399	$
Other non-current liabilities	$ 100,276	$ 46,375	$

	February 28, 2		
	2007 Events	2005 Event	
Accrued salaries, wages and benefits	$ 43	$ --	$
Other accruals	$ 31,890	$ 11,016	$
Other non-current liabilities	$ 97,889	$ 49,311	$

We evaluated the reserve balances as of September 12, 2009 based on current information and have concluded that they are adequate to cover future costs. We will continue to monitor the status of the vacant and subsidized properties, severance and benefits, and pension withdrawal liabilities, and adjustments to the reserve balances may be recorded in the future, if necessary.

8. Asset Disposition Initiatives

In addition to the events described in Note 7 - Discontinued Operations, there were restructuring transactions which were not primarily related to our discontinued operations businesses. These events are referred to based on the year the transaction was initiated, as described below.

Restructuring charges relate principally to employee severance and occupancy costs resulting from the closure of facilities and other workforce reductions attributable to our efforts to reduce costs. The costs of these reductions have been and will be funded through cash from operations. Occupancy costs represent facility consolidation and lease termination costs associated with our decision to consolidate and close duplicative or excess warehouse and office facilities, unproductive and excess facilities.

2005 Event

During fiscal 2005, our Company sold our U.S. distribution operations and some warehouse facilities and related assets to C&S Wholesale Grocers, Inc. The Asset Purchase Agreement included the assignment of our leases in Central Islip, New York and Baltimore, Maryland, and a warranty deed for our owned facilities in Dunmore, Pennsylvania.

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2001 Event

During the third quarter of fiscal 2001, our Company determined that certain underperforming operations, including 39 stores (30 in the United States and 9 in Canada) and 3 warehouses (2 in the United States and 1 in Canada) should be closed and/or sold, and certain administrative streamlining should take place.

1998 Event

In May 1998, we initiated an assessment of our business operations in order to identify the factors that were impacting our performance. As a result of this assessment, in fiscal 1998 and 1999, we announced a plan to close two warehouse facilities and a coffee plant in the U.S., a bakery plant in Canada and 166 stores (156 in the United States and 10 in Canada) including the exit of the Richmond, Virginia and Atlanta, Georgia markets.

Summarized below is a reconciliation of the liabilities related to restructuring obligations resulting from these activities:

	For the 28 Weeks Ended September 12,			
2005 Event	Balance at 2/28/2009	Interest Accretion (1)	Adjustments(2)	Ut
Occupancy - Continuing Operations	$ 1,114	$ 11	$ (1,120)	$
Severance - Continuing Operations	904	--	46	

2005 event total	2,018	11	(1,074)	
2001 Event				
Occupancy - Continuing Operations	7,080	251	3	
Occupancy - Discontinued Operations	11,307	343	4	
2001 event total	18,387	594	7	
1998 Event				
Occupancy - Continuing Operations	8,696	151	(1,398)	
Severance - Continuing Operations	824	--	--	
Occupancy - Discontinued Operations	543	13	--	
1998 event total	10,063	164	(1,398)	
Total	$ 30,468	$ 769	$ (2,465)	$

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	Fiscal 2008			
2005 Event	Balance at 2/23/2008	Interest Accretion (1)	Adjustments(2)	Ut
Occupancy - Continuing Operations	$ 1,231	$ 48	$ (91)	$
Severance - Continuing Operations	1,686	--	--	
2005 event total	2,917	48	(91)	
2001 Event				
Occupancy - Continuing Operations	6,755	385	1,794	
Occupancy- Discontinued Operations	12,281	688	(166)	
2001 event total	19,036	1,073	1,628	
1998 Event				
Occupancy - Continuing Operations	6,958	316	4,111	
Severance - Continuing Operations	1,000	--	--	
Occupancy - Discontinued Operations	1,093	49	(8)	
1998 event total	9,051	365	4,103	
Total	$ 31,004	$ 1,486	$ 5,640	$

(1) The additions to occupancy represent the interest accretion on future occupancy costs which were recorded at present value at the time of the original charge. These adjustments are recorded to "Store operating, general and administrative expense" for continuing operations and "Loss from operations of discontinued operations" for discontinued operations on our Consolidated Statements of Operations.

(2) At each balance sheet date, we assess the adequacy of the balance to determine if any adjustments are required as a result of changes in circumstances and/or estimates. These adjustments are recorded to "Store operating, general and administrative expense" for continuing operations and "Loss from operations of discontinued operations" as noted for discontinued operations on our Consolidated Statements of Operations.

For the 28 Weeks Ended September 12, 2009

For the 28 weeks ended September 12, 2009, we recorded an adjustment eliminating occupancy related costs of $1.1 million due to the termination of the lease on the one remaining property included in the 2005 Event. We also recorded an adjustment reducing occupancy related costs by $1.4 million for the 1998 event, primarily due to entering into new sublease agreements that were more favorable than our original estimates.

Fiscal 2008

During fiscal 2008, we recorded an adjustment reducing occupancy related costs by $0.1 million for the 2005 event due to changes in our estimation of such future costs. We also recorded adjustments for additional occupancy related costs of $1.6 million and $4.1 million, respectively, for the 2001 and 1998 events due to changes in our estimation of such future costs.

(3) Occupancy utilization represents payments made during those periods for rent. Severance and benefits utilization represents payments made to terminated employees during the period.

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Summarized below are the payments made to date from the time of the original charge and expected future payments related to these events:

	2005 Event	2001 Event	1998 Event	
Total severance payments made to date	$ 48,875	$ 28,205	$ 30,720	$
Expected future severance payments	790	--	744	
Total severance payments expected to be incurred	49,665	28,205	31,464	

(Dollars in thousands, except share and per share amounts)

Total occupancy payments made to date	13,856	63,976	117,535	
Expected future occupancy payments, excluding interest accretion	--	17,382	5,695	
Total occupancy payments expected to be incurred, excluding interest accretion	13,856	81,358	123,230	
Total severance and occupancy payments made to date	62,731	92,181	148,255	
Expected future severance and occupancy payments, excluding interest accretion	790	17,382	6,439	
Total severance and occupancy payments expected to be incurred, excluding interest accretion	$ 63,521	$ 109,563	$ 154,694	$

Payments to date were primarily for occupancy related costs such as rent, common area maintenance, real estate taxes, lease termination costs, severance, and benefits. The remaining obligation relates to expected future payments under long-term leases and expected future payments for early withdrawal from multi-employer union pension plans. The expected completion dates for the 2005, 2001 and 1998 events are 2015, 2022 and 2020, respectively.

Summarized below are the amounts included in our balance sheet captions on our Company's Consolidated Balance Sheets related to these events:

	September 12, 2009			
	2005 Event	2001 Event	1998 Event	
Other accruals	$ 271	$ 2,817	$ 3,214	$
Other non-current liabilities	$ 519	$ 14,565	$ 3,225	$

	February 28, 2009			
	2005 Event	2001 Event	1998 Event	
Other accruals	$ 384	$ 2,965	$ 4,142	$
Other non-current liabilities	$ 1,634	$ 15,422	$ 5,921	$

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We evaluated the reserve balances as of September 12, 2009 based on current information and have concluded that they are adequate to cover future costs. We will continue to monitor the status of the vacant and subsidized properties, severance and benefits, and pension withdrawal liabilities, and adjustments to the reserve balances may be recorded in the future, if necessary.

9. Other Accruals

Other accruals are comprised of the following:

	At Sept. 12, 20
Self-insurance reserves	$ 77,377
Closed store and warehouse reserves	59,862
Pension withdrawal liabilities	10,461
GHI contract liability	6,050
Accrued occupancy related costs for open stores	26,010
Deferred income	19,065
Deferred real estate income	5,907
Accrued audit, legal and other	9,381
Accrued interest	17,098
Other postretirement and postemployment benefits	4,153
Accrued advertising	2,543
Dividends payable on preferred stock	1,615
Other	2,020
Total	$ 241,542

10. Other Non-Current Liabilities

Other non-current liabilities are comprised of the following:

	At Sept. 12, 20
Unrecognized Tax Benefits	$ 156,267
Self-insurance Reserves	150,271
Closed Store and Warehouse Reserves	144,502
Pension Withdrawal Liabilities	91,847
GHI Contract Liability for Employee Benefits	93,039
Pension Plan Benefits	108,086
Other Postretirement and Postemployment Benefits	34,621
Corporate Owned Life Insurance Liability	57,918
Deferred Rent Liabilities	55,030
Deferred Income	75,103
Unfavorable Lease Liabilities	23,031
Other	14,728
Total	$ 1,004,443

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The Great Atlantic & Pacific Tea Company, Inc.
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11. Redeemable Preferred Stock

On August 4, 2009, our Company issued 60,000 shares of 8.0% Cumulative Convertible Preferred Stock, Series A-T, without par value, to affiliates of Tengelmann Warenhandelsgesellschaft KG ("Tengelmann") and 115,000 shares of 8.0% Cumulative Convertible Preferred Stock, Series A-Y, without par value, to affiliates of Yucaipa Companies LLC ("Yucaipa"), together referred to as the "Preferred Stock," for approximately $162.2 million, after deducting approximately $12.8 million in closing and issuance costs. Each share of the Preferred Stock has an initial liquidation preference of one thousand dollars, subject to adjustment.

The Preferred Stock is convertible into shares of our Company's common stock, par value $1.00 per share (the "Common Stock"), at an initial conversion price of $5.00 per share of Common Stock. The Preferred Stock is convertible upon the one-year anniversary of the issuance of Preferred Stock provided that prior to receiving shareholder approval, the Preferred Stock will not be exercisable into greater than 19.99% of the Common Stock outstanding prior to the issuance of the Preferred Stock. The 57,750 shares that are currently convertible without shareholder approval are classified as temporary stockholders' equity since the shares are (i) redeemable at the option of the holder and (ii) have conditions for redemption which are not solely within the control of the Company. The 117,250 shares that require shareholder approval in order to become convertible are classified as a "Preferred stock liability".

Prior to shareholder approval, the holders of Series A Convertible Preferred Stock have the right to vote on an as-converted basis provided that the aggregate number of votes entitled to be cast by the Series A Convertible Preferred Stock does not exceed 19.99% and the Series A-T Convertible Preferred Stock does not exceed 1% of the voting power of the common stock outstanding immediately prior to the issuance of the Series A Convertible Preferred Stock.

Our Company is required to redeem all of the outstanding Preferred Stock on August 1, 2016 (the "Maturity Date"), at 100.0% of the liquidation preference, plus all accrued and unpaid dividends. Subject to the repurchase rights of the investors, the Preferred Stock is not redeemable prior to the Maturity Date. At any time after December 3, 2012, in the event of any fundamental change, the investors may elect to request our Company to repurchase the Preferred Stock in cash at 101% of the liquidation preference amount plus any accrued and unpaid dividends.

The holders of the Preferred Stock are entitled to an 8.0% dividend, payable quarterly in arrears in cash or in additional shares of Preferred Stock if our Company is not able to pay the dividends fully in cash. If our Company makes a dividend payment in additional shares of Preferred Stock, the Preferred Stock shall be valued at the liquidation preference of the Preferred Stock and the dividend rate will be 8.0% plus 1.5%. During the 12 weeks ended September 12, 2009, we accrued Preferred Stock dividends of $1.6 million, $1.1 million of which has been recorded within "Interest expense" and $0.5 million recorded within "Additonal paid-in capital". In addition, during the 12 weeks ended September 12, 2009, we recorded $0.2 million of deferred financing fees amortization, $0.1 million of which was recorded within "Interest expense" and

$0.1 million recorded within "Additional paid-in capital".

The portion of the issuance recorded within "Preferred stock liability" is recorded at fair value, with the related issuance cost amortization recorded within "Interest expense".

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(Dollars in thousands, except share and per share amounts)
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The shares classified within temporary equity contained an embedded beneficial conversion feature as the fair value of the Company's common stock on the date of issuance, $5.67 per share, was in excess of the effective conversion price of $4.74 per share, which represents the $5.00 per share conversion price reduced for fees paid to the investors. This embedded beneficial conversion feature resulted in a discount of $10.8 million, which has been recorded within "Additional paid-in capital" and will be amortized over a seven-year period from the date of issuance until the stated redemption date. During the 12 weeks ended September 12, 2009, we accreted $0.2 million relating to the beneficial conversion feature through "Additional paid-in capital".

Certain features of the Preferred Stock constitute derivatives separate from the Preferred Stock; however, at issuance, those features had little or no value and are not expected to have significant value for the foreseeable future.

12. Indebtedness and Other Financial Liabilities

Series A and B Warrants

As part of the acquisition of Pathmark on December 3, 2007, we issued 4,657,378 and 6,965,858 roll-over stock warrants in exchange for Pathmark's 2005 Series A and Series B warrants, respectively. The Series A warrants were exercised on May 7,